



# “SCOOP”

## **ARKANSAS FARM SERVICE AGENCY - - STATE OFFICE**

March 2007

### **Final 2005 Final CC Rice Payment**

County Offices are currently issuing the 2005 Final CC Rice Payments. The final 2005 CC payment rate for rice is \$0.0050 per pound because the effective price is below the target price. The effective price equals the direct payment rate, plus the higher of the national average loan rate or the national average price received by producers. The final payment rate is the target price minus the effective price. The following table illustrates the calculation for rice.

Item	Rice (Dollars per lb.)
<b>Target Price</b>	\$0.105
National Average Loan Rate	\$0.065
2005 National Average Farm Price	\$0 .0765
Higher of Loan Rate or Farm Price	\$0.0765
Direct Payment Rate	\$0.0235
<b>Effective Price</b>	\$0.1000
<b>Final CC Payment Rate (Target Price Minus Effective Price)</b>	\$0.0050
<b>First Partial Payment Rate</b>	\$0.001925
<b>Second Partial Payment Rate</b>	\$0.000525
Final CC Payment Rate Less First and Second Partial Payments	\$0.00255

### **Acreage Reporting Deadline for Fall-Seeded Crops is May 15, 2007**

May 15, 2007, is the deadline to report fall-seeded crops to your local FSA Office. Acreage reports are required to be eligible to receive DCP Payments.

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### Second Partial 2006-Crop Counter Cyclical Payments

County Offices are issuing the second counter-cyclical payments to producers who participated in the 2006 Direct and Counter-Cyclical Program (DCP). Producers are eligible for counter-cyclical payments when effective prices are less than the “target prices” specified in the farm bill. The second partial payment makes available up to 70 percent of the projected counter-cyclical payment. The following indicates eligible crops to receive a 2<sup>nd</sup> advance CC payment and the payment rate for that crop:

Item	Upland Cotton \$ per lb	Peanuts \$ per lb
<b>Target Price</b>	\$0.7240	\$0.247500
National average loan rate	\$0.5200	\$0.177500
Projected national average price received by producers		\$0.177000
Higher of loan rate or price received by producers		\$0.177500
Direct payment rate	\$0.0667	\$0.018000
<b>Effective Price</b>	\$0.5867	\$0.195500
<b>2<sup>nd</sup> Advance CC Payment Rate</b>	\$0.0961	\$0.036400
<b>Less 1<sup>st</sup> advance</b>	\$0.0481	\$0.015225
<b>Equals balance</b> (if 1 <sup>st</sup> advance received)	\$0.0480	\$0.021175

### Reporting Double-Cropped Acreage

Producers are reminded before double cropped acreage can be recognized by FSA as double-cropped, the Arkansas State Committee must approve the double-cropping practice. The Arkansas State Committee has approved:

- for all Arkansas Counties soybeans planted behind wheat or oats

#### Jackson and Woodruff Counties

1 <sup>st</sup> Crop	2 <sup>nd</sup> Crop
Wheat or oats	Beans, cabbage, cantaloupe, sweet corn, cucumbers, greens, lettuce, okra, peas, peppers, potatoes, pumpkins, squash, tomatoes, turnips, watermelon
Cabbage, sweet corn, potatoes, strawberries	soybeans

All other crops that are planted as double-cropped will not be recognized by FSA as double-cropping practice unless the following is met:

- Producers on a case by case basis request to their local county committee that the specific two crops are planted as a double-cropping practice.
- Producers submit to their local county committee verifiable and documented proof that the specific crops have been successfully planted and harvested on the same acreage in the same crop year in at least 2 of the previous 4 crop years.

**Note:** For crops requiring irrigation, evidence must be provided to show that the specific crops planted and harvested were irrigated.

- COC recommends approval to the State Committee
- State Committee reviews the information and approves the practice.

The future impact of the new FSA provisions is not known. However, the impact of recognized double cropped acreage in the past allowed base credit for the Direct and Counter Cyclical Program and allowed disaster benefits under emergency programs. Producers wanting to submit evidence to have double-cropped acreage reviewed must submit the information to their local office by July 15.

## **Payment Eligibility Adjusted Gross Income Provision**

### **Payment Eligibility Overview:**

The Farm Security and Rural Investment Act of 2002 authorized payments to which payment limitation and payment eligibility provisions are applicable and added a \$2.5 million average adjusted gross income (AGI) limitation.

### **Average Adjusted Gross Income Limitation:**

An individual or entity shall not be eligible for certain program benefits during a crop, program, or fiscal year, if both of the following apply:

- The three-year average of the adjusted gross income (AGI) for the individual or entity exceeds \$2.5 million;
- Less than 75% of the average AGI is derived from farming, ranching or forestry operations.

### **Definitions:**

**Adjusted Gross Income:** the amount of AGI the individual reported to the IRS on the appropriate tax filing documents or if AGI was not reported to the IRS, a comparable measure of income as determined by FSA.

**Average Adjusted Gross Income:** for the individual or entity is the average of the adjusted gross income, or comparable measure, of the individual or entity over the three tax years immediately preceding the year for which program benefits are requested.

**Bottom line:** You are eligible if at least 75% of your average adjusted gross income is from agriculture.

### **What programs does AGI apply to?**

- Direct and Counter-Cyclical Program
- Marketing Loan Gains and Loan Deficiency Payments
- Trade Assistance Act
- Conservation Reserve Program
- Conservation Security Program
- Environmental Quality Incentives Program
- Grasslands Reserve Program
- Wetlands Reserve Program
- Other payments and programs, as legislated, such as the 2003/2004 Crop Disaster Program

### **What income is included as “Income from farming, ranching, or forestry operations”?**

- The production of crops, livestock, unfinished raw forestry, and aquaculture products
- The sale of agricultural land, farm water rights, and farm equipment
- The rental of land for agricultural purposes
- Commercial hunting fees on agricultural land
- Federal agriculture and conservation programs

**What income is not considered as “Income from farming, ranching or forestry operations”?**

- Any non-agricultural related operations or business transactions
- The sale of non-agricultural land
- Processing, packaging, packing, transportation, or marketing commissions
- Packing house operations
- Providing custom farming services
- The leasing of equipment to others
- Investments, including commodity market speculation.

**Filing Requirements:**

**What:** Form CCC-526 must be filed with the FSA Office, including certifications necessary for NRCS administered programs. (Under certain circumstances, a certification statement by a CPA or an attorney may be submitted.)

**Who:** Applicable participants must file the CCC-526 or certification as follows:

<b>If the farming operation is a.....</b>	<b>Then the following must file:</b>
Individual or d/b/a	Individual
General Partnership	Each partner
Corporation, including Subchapter S Corporations	The corporation and each stockholder (direct and indirect). Include as AGI total taxable income and charitable contributions.
Limited Partnership, Limited Liability Corporation, or similar type of organization	The entity and each member (direct and indirect). Include as AGI all income and guaranteed payments to the members as reported on the final Federal tax return.
Estate	The estate and each heir. Include as AGI the adjusted total income and charitable deductions.
Trust	The trust, the grantor(s), and all beneficiaries. Include as AGI the adjusted total income and charitable deductions.
State, political subdivision, agency, municipality, or tribal nation	No one. These operations are exempt.

**When:** Payments cannot be issued until the form or a certification is filed. However some programs require the certification by the signup deadline.

**What if?** If some individuals in an operation do not certify or are ineligible, the payment to the operation will be reduced by their commensurate share. Also, payments will be reduced for individual ownership interests below the fifth level in an entity.

**Federal Crop Insurance Program Integrity**

The Agricultural Risk Protection Act of 2000 requires the Farm Service Agency (FSA) and the Risk Management Agency (RMA) to work together to improve program compliance and integrity of the Federal Crop Insurance Program.

- FSA will be assisting RMA and insurance providers in monitoring crop conditions throughout the growing season
- FSA will refer all suspected cases of fraud, waste, and abuse in the Federal Crop Insurance Program to RMA

- Producers may report suspected cases of fraud, waste, and abuse to their local FSA County Office, RMA, or the Office of Inspector General (OIG)
- FSA will assist RMA with auditing claims.

### **USDA Provides Update for Farmers on Genetically Engineered Rice**

The U.S. Department of Agriculture's Animal and Plant Health Inspection Service (APHIS) is taking action to prevent the planting and distribution of a long-grain rice seed known as Clearfield CL131 because testing by a private company has revealed the possible presence of trace levels of genetic material not yet approved for commercialization.

APHIS began issuing emergency action notifications on March 4, 2007, to inform distributors that this seed, scheduled for planting this spring, must be held until APHIS can verify and identify the presence of additional genetic material. APHIS directed distributors to begin notifying producers. Additional notifications are being issued to affected producers as they are identified.

APHIS is taking this action because the genetic material detected in Clearfield CL131 seed might be regulated, in which case it would not be approved for commercial use. The emergency action notifications will keep any additional CL131 seed from being planted until a determination can be made concerning the identity of this genetic material and the appropriate risk assessment can be conducted. USDA, through its own testing, is in the process of confirming the results reported by BASF Corporation.

### **Program Deadlines**

2007 application closing date for tomatoes (Spring and Fall)	March 15, 2007
Deadline for 2005 Supplemental Hurricanes Disaster Program	March 30, 2007
Final Loan and LDP Availability for Wheat, Barley, Oats, Honey, Canola, Crambe, Flaxseed, Rapeseed, and Sesame Seed	March 31, 2007
2007 NAP acreage reporting date for all types of Greens (kale, mustard, collards, turnip, spinach, etc.)	April 1, 2007
FCIC Final Planting Date for Corn	May 10, 2007
2007 NAP acreage reporting date for broccoli, cabbage, carrots, sweet corn, lettuce, potatoes, strawberries, and tomatoes	May 15, 2007
Reporting Acreage of Fall-Seeded Crops	May 15, 2007
FCIC Final Planting for Cotton for Clay, Craighead, Crittenden, Cross, Greene, Jackson, Lawrence, Mississippi, Poinsett, St. Francis, White and Woodruff Counties.	May 20, 2007
FCIC Final Planting date for Peanuts	
FCIC Final Planting Date for Cotton for Arkansas, Ashley, Bradley, Chicot, Clark, Dallas, Desha, Drew, Jefferson, Lafayette, Lee, Lincoln, Little River, Lonoke, Miller, Monroe, Phillips, Prairie, and Pulaski Counties	May 25, 2007
FCIC Final Planting Date for Rice	May 31, 2007
Final Loan and LDP Availability for Upland Cotton, Rice, Corn, Dry peas, Grain Sorghum, Lentils, Mustard Seed, Safflower Seed, Small Chickpeas, Soybeans and Sunflower seed.	May 31, 2007
2007 DCP Signup Ends	June 1, 2007
FCIC Final Planting Date for Grain Sorghum	June 10, 2007
FCIC Final Planting Date for Soybeans	June 15, 2007
Final date to request a reconstitution for a farm participating in DCP	August 1, 2007